

Legislation Text

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Subject:

Discussion pertaining to the concept of a Capital Projects Reserve Account should the voters of the City of Littleton approve inclusion into the South Metro Fire Rescue for fire and emergency medical services commencing on January 1, 2019

Presented By: Steve Kemp, City Attorney; Tiffany Hooten, Finance Director

BACKGROUND:

The city funds its contribution to the Littleton Fire Rescue partnership through several sources of revenue including sales tax, emergency medical services transport fees, property taxes and other fire-related revenues. The city's total fire expense in 2018 is approximately \$7.1 million. The city does not have a dedicated revenue source to fund fire services. Unlike the city, special districts in Colorado are funded primarily by mill levies assessed on real and personal property within the district. Currently, South Metro Fire Rescue (SMFR) imposes a mill levy of 9.25 mills. Future increases in mill levies are subject to voter approval due to the Colorado Taxpayer's Bill of Rights (TABOR).

At its workshop on February 3, the council discussed inclusion with SMFR. The council reached consensus on the following:

1. Should a majority of the voters approve inclusion into SMFR, the city will reduce its mill levy by 4.662 mills and thereby retain 2 mills.
2. Should a majority of the voters approve inclusion into SMFR, the city will redirect a portion of revenues budgeted for fire and emergency medical services to fund improvements to city streets and transportation.

STAFF ANALYSIS:

Based on the council consensus, the city attorney has prepared a draft ordinance for council discussion. It is intended that this ordinance will be submitted with the proposed Pre-Inclusion Agreement between the City of Littleton and SMFR. The concept of the ordinance is to establish a formal policy of the city council that would be enacted into legislation. This enactment will provide that the consensus reached in the study session upon council approval and voter approval will be implemented.

The ordinance is uncommon from a city legislative enactment in that it is a conditional enactment. The ordinance only goes into effect if a specified condition occurs. In this case the specified condition is that a majority of the voters in the November 2018 election approve inclusion of the City of Littleton into SMFR.

FISCAL IMPACTS:

If voters approve the inclusion, the ordinance creates a Capital Projects Reserve Account and provides:

1. Deposit of an amount equivalent to the savings from the reduction in fire costs and the reduction in property tax revenues into the Capital Projects Reserve Account and restricts its use for qualified capital expenditures. In FY 2019 and beyond, this funding will be from retail sales tax revenues.
2. Directs the city manager to prepare an alternative FY 2019 budget providing for a reduction in the city's mill levy from 6.662 mills to 2.0 mills.

The proposal is designed to meet the city council's third goal in the discussion of fire and emergency medical services to move to a more financially stable operation and capital structure. The use of the sales tax revenues for qualified capital projects such as improvements to streets and transportation is critical in moving the capital plan towards a sustainable position. The proposal also provides assurance that the commitments are kept.

STAFF RECOMMENDATION:

At the study session, staff will review the draft Capital Projects Reserve Account proposal. If council reaches consensus on proceeding with this proposal, it will be prepared for first reading on April 3, 2018, with the second reading and public hearing scheduled for April 17, 2018.